

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6188

BILL NUMBER: SB 482

NOTE PREPARED: Feb 1, 2013

BILL AMENDED:

SUBJECT: Drug Testing of Public Assistance Recipients.

FIRST AUTHOR: Sen. Kruse

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State

Summary of Legislation: This bill has the following provisions:

(1) Requires the Office of the Secretary of Family and Social Services (FSSA) to develop and establish a pilot program in three counties to test for the use of controlled substances under certain conditions by an individual who:

- (a) receives assistance under the Temporary Assistance for Needy Families (TANF) program for the individual or on behalf of a child; and
- (b) is at least 18 years of age.

(2) Requires the FSSA to notify the Department of Child Services (DCS) if a child is ineligible for assistance as a result of an individual testing positive for the illegal use of a controlled substance.

(3) Requires the DCS, not later than nine months after the date the DCS receives the office's report, to conduct a home visit at the child's residence to determine whether to pursue the report as a report of suspected child abuse or neglect.

Effective Date: July 1, 2013.

Summary of NET State Impact: This note only reflects estimated costs of implementing the pilot program in the first year of implementation.

This bill could increase state expenditures between \$834,000 and \$1.13 M in the first year of implementation to administer the pilot program. This estimate includes (1) drug-testing administration costs, (2) one-time costs to provide a database to track individuals who test positive on drug tests, (3) administrative hearing costs, and

(4) one-time staff training costs. The administrative costs for implementing the program are estimated to decrease in the second year of implementation. Pilot program administrative costs in the second year of implementation are estimated between \$172,000 and \$472,000. However, the actual costs of administering the program will depend on administrative decisions in implementation.

Estimated Administrative Expenditures (On-Going)	\$172,000 - \$472,000
Staff Training Costs (One-Time)	\$24,000
Estimated System Costs (One-Time)	\$638,000
Net Impact Year 1 - Administrative Costs	\$834,000 - \$1,134,000

The drug-testing program, itself, is estimated to approximately break even, with net state expenditures being within plus or minus \$4,000 in the first year of implementation in the counties selected for pilot program participation. This estimate only accounts for the costs of drug tests and state TANF savings from forfeited benefits, whereas the estimate above (\$834,000 to \$1.13 M) accounts for administering the pilot program and system costs.

Estimated Drug-Testing Costs	\$8,300 - \$15,800
Estimated Impact on State TANF Expenditures	(\$11,500 - \$12,100)
Net Impact Year 1 - Drug Testing/TANF	(\$3,200) - \$3,700

Any net savings or expenditure of the pilot program will ultimately depend on a variety of factors (listed below).

Explanation of State Expenditures: *Pilot Program Costs:* This bill could increase state administrative expenditures to implement a drug-testing pilot program for two years in three counties selected by the FSSA. The actual fiscal impact of the pilot program on the state will depend on a variety of factors, many involving the following decisions on implementation:

- (1) The counties selected by FSSA for participation in the pilot program,
- (2) The number of TANF recipients that consent to drug testing,
- (3) The number of TANF recipients that do not consent to drug testing and are therefore subject to drug testing based on reasonable suspicion,
- (4) The costs of drug tests administered under the pilot program,
- (5) The number of drug tests administered to individuals who consent to drug testing where the state is responsible for the testing costs,
- (6) The number of drug tests administered to individuals subject to random drug testing where the state would be required to reimburse the testing costs,
- (7) The number of adult TANF recipients who, as a result of a positive drug test, would be temporarily ineligible or permanently ineligible for TANF benefits,
- (8) The number of children who, as the result of a parent's or guardian's positive drug test, would have their TANF benefit amount reduced by 50% or would be permanently ineligible for TANF benefits,
- (9) The number of individuals who refuse to take a drug test when asked, rendering them ineligible for TANF benefits, and in some cases affecting the TANF benefits provided to their children.

The net increase in expenditures could be between \$834,000 and \$1.13 M in the first year of implementation. The upper range is based on estimates provided by FSSA, and the lower range is based on alternative implementation assumptions.

The costs of drug tests and state savings from withheld TANF benefits are estimated to be small due to the program being implemented as a pilot in three counties in the state. Based on information obtained from FSSA and certain assumptions, the pilot program could range between increased net state expenditures of \$3,700 in the first year of implementation and decreased net state expenditures of \$3,300.

Impact to DCS: The DCS reports the bill will increase DCS workload to perform assessments of child abuse and neglect for adults who receive TANF benefits on behalf of their children and who test positive for drugs, rendering a child ineligible for TANF benefits. However, the DCS reports the requirement to do this for three counties involved in the pilot program can be absorbed with current staff and resource levels.

Additionally, to the extent DCS investigates a family in instances where a parent or guardian has tested positive for controlled substances and an out-of-home placement is recommended by the DCS, state expenditures for out-of-home placements may increase. Increases are indeterminable, but may be small given that only three counties will be included in the pilot program.

Additional Information:

The state of Florida implemented a drug-testing program that required all applicants and recipients to pass a drug test as a condition of receiving TANF benefits. The Florida program did not use random selection or reasonable suspicion as a means of testing TANF recipients, unlike this bill.

Under the Florida program, individuals were required to pay between \$25 and \$35 for a drug test and were reimbursed if the testing results were negative. The Florida Department of Children and Families (DCF) reported the administration of the drug-testing program was provided without incurring new administrative costs. The Florida DCF also reported that individuals who tested negative for drugs were reimbursed from TANF funds.

Data obtained regarding the Florida program indicates that over the course of the four-month period when the program operated, a total of 4,086 individuals were administered drug tests with 108 testing positive (2.64%). An additional 40 individuals were scheduled to take drug tests but failed to make their appointment. Florida reports an expenditure of \$118,140 to reimburse the drug-testing costs for individuals who tested negative (approximately \$30 per person per test). Additionally, the program in Florida was reported to yield a net loss to the state of \$45,780 before being found unconstitutional in federal court.

Explanation of State Revenues: The bill establishes periods of TANF ineligibility for individuals who test positive for controlled substances, which range from three months to a lifetime period of ineligibility. Additionally, for parents or guardians who are subject to reasonable suspicion drug-testing standards and test positive for controlled substances, the benefits for their minor children are to be reduced by either (1) 50% for a 6-month period or (2) 100% for the duration of time the minor child resides with that parent or guardian (depending on the number of times these individuals test positive for controlled substances).

To the extent an individual tests positive for controlled substances in the pilot program, this bill may result in

the reduction of TANF benefits provided to (1) parents or guardians with dependent children who receive TANF payments (both for themselves and their dependent children), and (2) parents or guardians who receive TANF payments only on behalf of their minor children. Decreases in TANF benefits provided to those individuals (and possibly their dependent minor children) who test positive for controlled substances under the pilot program are estimated to reduce state expenditures.

Background Information on TANF Program: TANF assistance is shared between state and federal governments. However, the federal share is provided through a capped block grant allocation with a state maintenance-of-effort (MOE) requirement. TANF block grant allocations are determined on a formula basis with increased flexibility for their use by the states over what was permitted under the prior Aid to Families with Dependent Children (AFDC) Program. The state contributes roughly 1/3 of the benefits in the TANF program.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: FSSA, DCS.

Local Agencies Affected:

Information Sources: FSSA TANF Recipient Data for FY 2010; Brady Brookes, DCS; Christina Hage, FSSA; Joe Follick, Florida Department of Children and Family, (850) 413-0771.

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